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## U.S. Farm Exports Hit $12.9 Billion in 1973

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This week's cover:

**Young Merino sheep at Glentanner Station, New Zealand, are in shorter supply this year. Sheep numbers in many major wool producing countries are sharply down, owing to heavy slaughter, and reduced wool supplies should keep prices high. See article, page 5.**



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# U.S. Agricultural Exports Set $12.9-Billion Record in Fiscal '73

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*Economic Research Service*

U.S. farm exports in fiscal year 1973 rose an astonishing three-fifths to a record $12.9 billion. Many factors, some long-term, some short-term, contributed to the surge in U.S. agricultural exports in the past year.

First, and perhaps most important, were unfavorable weather conditions in 1972 that reduced harvests in the Soviet Union, Southeast Asia, Australia, and parts of Latin America and Africa. Because of sharply reduced production in these areas, demand to fulfill these needs exploded to unprecedented levels. With reduced supplies in other major exporting countries, or supplies already committed, only the United States had the supplies and the facilities to meet much of the increased world demand.

The competitive position of U.S. agricultural exports has been enhanced by the realinement of currencies in the past 2 years. The first realinement, better known as the Smithsonian Agreement in December 1971, depreciated the dollar about 12 percent on the average for the Organization for Economic Cooperation and Development (OECD) countries excluding Canada, and between 6 and 7 percent globally. On February 12 of this year, the United States again devalued the dollar. Following this devaluation, the Japanese floated the yen and the European Community (EC) countries floated their currencies—six jointly.

All together, the two realinements of currencies and the upward float of most currencies since March of this year have resulted in a 20 to 35 percent increase in the purchasing power of many European currencies in relation to the U.S. dollar, and an increase of about 27 percent for Japan. For Italy and the United Kingdom the gain was 7 and 6 percent, respectively. Thus the realinements made many U.S. farm products attractively priced, especially cotton, tobacco, feedgrains, fruits, vegetables, nuts, and meat products.

However, all agricultural products in all markets did not benefit. The variable-levy system of the Common Agricultural Policy (CAP) of the EC prevented U.S. grains, meats, and poultry products from reflecting the lower price in terms of the member currency.

In addition, foreign demand for U.S. agricultural products, however, has been rising as a result of continued rising incomes, especially in Western Europe, Canada, and Japan. Increased incomes have greatly boosted the demand for red meat and poultry, which in turn has expanded demand for U.S. feedgrains and oilseeds. But U.S. agricultural exports are steadily expanding to developing countries as they advance economically. Last year agricultural exports to developing Asian countries totaled $2.2 billion, up $600 million. Most important, the gain was in commercial sales for dollars.

The sharp reduction in Peruvian fishmeal output has caused a major increase in demand for other protein meals. However, peanut supplies were also down sharply, putting greater demand on U.S. soybeans. At the same time, decreased supplies and higher prices of nonfeedgrains expanded the import requirements for U.S. feedgrains, especially in Western Europe and Japan.

Grain exports alone accounted for over half of the total value increase in 1972-73, and soybeans and products accounted for another fourth of the total increase. But increases for cattle hides, cotton, meats, tobacco, poultry products, fruits, nuts, and vegetables were also important in achieving the record level of the past year. Of the major commodities exported only dairy products and vegetable oils were below the 1971-72 value.

Export records were established for wheat, corn, rice, soybeans, cattle hides, lemons, grapefruit, oranges, fresh vegetables, soybean meal, corn byproducts, and live animals. Cotton exports were the highest since 1964, and tobacco exports had a record value, although quantity was below the record of 1966-67.

The volume of U.S. agricultural ex-

ports gained nearly one-third and accounted for around 60 percent of the total value gain in 1972-73. The balance of the value increase stemmed from higher prices, especially for soybeans, soybean meal, wheat, feedgrains, most fruits and vegetables, cattle hides, meats, tobacco, and nuts.

Soaring agricultural exports boosted the U.S. agricultural trade balance by over $3.6 billion to a record of $5.6 billion, despite a one-fifth advance in agricultural imports to a record $7.3 billion. This favorable agricultural trade balance helped to offset the country's trade deficits in nonagricultural products which amounted to nearly $9.1 billion in 1972-73. Just 4 years ago nonfarm exports had a trade surplus of only $1.7 billion.

Although the biggest gains in U.S. agricultural exports occured to Japan, Western Europe, and the USSR, nearly all major areas took record volumes of U.S. farm products in 1972-73.

U.S. exports to Japan broke the $2 billion mark and rose 97 percent to $2.3 billion, an increase of $1.1 billion from a year earlier. Only 3 years ago, Japan became the first billion dollar foreign customer for U.S. farm products. The 1973 increase to Japan was concentrated in grains, soybeans, cotton, and hides and skins, although higher prices accounted for a considerable part. Other gains included nearly all products, but especially for meats, soybean meal, and many fruits and vegetables. Exports of cotton increased to 1 million bales from 734,000 a year earlier.

U.S. exports to Western Europe rose 49 percent to a record $4.5 billion, sharply above the $3 billion a year earlier. This increase was concentrated in grains and soybeans, primarily due to increased livestock production. Western Europe purchased more U.S. corn and grain sorghum in 1972-73 because production and supplies were down sharply in some other major exporters, but Western Europe also took more cotton, tobacco, cattle hides, fruits, and vegetables. However, shipments of both animal and vegetable fats and oils and dairy products were off sharply.

One of the most significant developments in U.S. agricultural trade in 1972- were the massive purchases by the USSR because of sharply reduced grain and forage output from very unfavorable growing conditions. The primary purpose of the substantial purchases of grains was to maintain the livestock herds for the planned expansion of the livestock industry to meet increased demand for meats and other livestock production in the USSR.

Although U.S. exports to the USSR have gradually increased in the past few years, in fiscal 1973 U.S. agricultural exports to the USSR totaled $905 million, up sharply from the $150 million exported in 1971-72. This compares with only $10-$12 million annually in earlier years.

U.S. wheat, by far the largest item, totaled about 345 million bushels, valued at almost $563 million, compared with a year-earlier exports of slightly more than 100,000 bushels. Feedgrain exports rose to 3.5 million metric tons from 2.5 million a year earlier. And soybean exports shot up to 31 million bushels, valued at nearly $119 million, from none a year earlier.

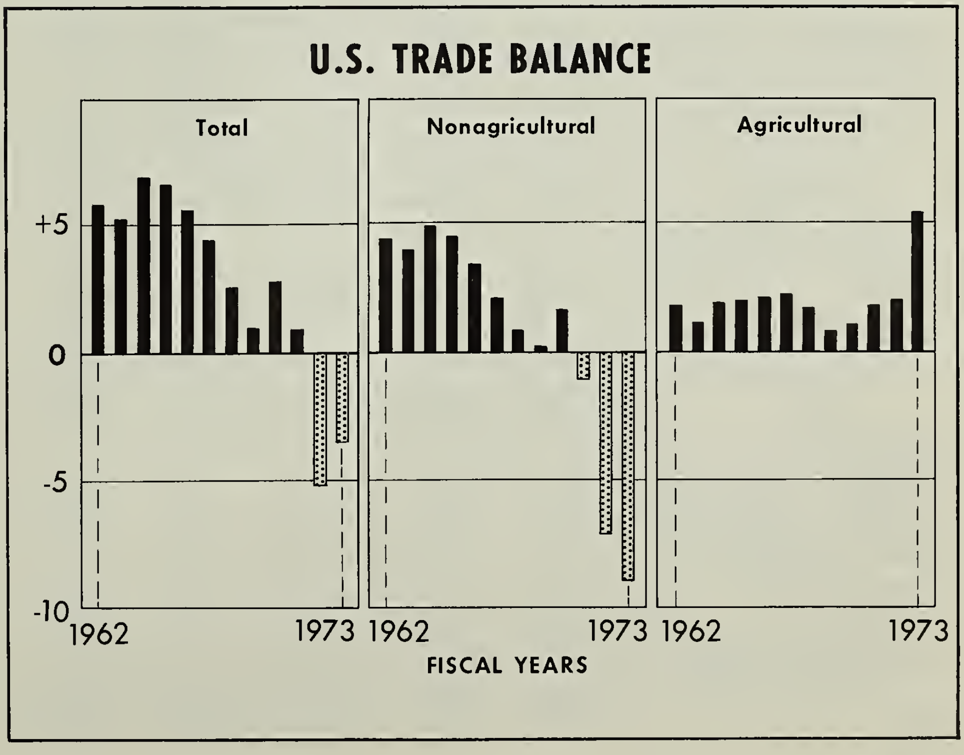
Other items exported to the Soviet Union included about 350,000 cattle hides and 46 million pounds of linseed oil. While this was a very large increase for 1 year, the gain in exports to the USSR represented only 16 percent of the total increase in U.S. agricultural exports in 1972-73.

Exports to Latin American countries in 1972-73 totaled over $1.1 billion, over two-fifths above a year earlier with grains accounting for close to two-thirds of the increase. Because of drought, Mexico took a big share of the gain; but exports also rose to Venezuela, Chile, Peru, Brazil, and Uruguay. In addition, the Caribbean took about one-third more U.S. farm products because of rising demand for U.S. feed products from the hotel and tourist industry, as well as from gains in population and income growth.

The People's Republic of China (PRC) emerged as an important market for U.S. farm products in 1972-73 by taking over $200 million. Cotton exports totaled 450,000 bales valued at $78 million. Corn, totaling over $60 million, was the second most important item shipped to this new market. Next came wheat, with a value of $38 million. Other exports included cotton, soybean oil, and cattle hides.

Exports to other Asian countries, excluding Japan and the People's Republic of China, were valued at $2.1 billion during 1972-73, over one-third above a year earlier. Grains again accounted for most of the overall increase, rising to $1,233 million from $823 million. But exports of soybeans, cotton, and hides and skins also increased sharply. In recent years, the Asian region, especially Korea and Republic of China (Taiwan), has been one of the fastest growing markets for U.S. farm products. More importantly, all of the increase has occurred in commercial sales.

U.S. exports of **grains and preparations** totaling $5.3 billion, were double



the level of a year earlier. All major products gained, but wheat and feedgrains accounted for most of the increase. Nearly three-fourths of the value increase both in grains and preparations were both due to larger volume and the balance to higher prices.

U.S. feedgrain exports skyrocketed to 35 million tons in 1972-73 from only 21 million tons a year earlier. Exports to Japan more than doubled to 8.4 million tons because of reduced supplies in Thailand, Australia, and other major grain exporting countries. In addition, Japan only allocated about a half million tons of surplus rice for mixed feeds, compared with about 1.5 million tons a year earlier. At the same time, Japanese meat output grew about 7 percent.

U.S. exports of feedgrains to the USSR in 1972-73 totaled slightly over 3.5 million metric tons, compared with around 2.5 million tons a year earlier. As a result, the USSR is the third largest market for U.S. feedgrains, following Japan and the enlarged EC which totaled 10 million tons, compared with about 7.9 million tons a year earlier. Italy took over 2.8 million tons, up from slightly less than 2 million a year earlier. The United Kingdom, Ireland, Netherlands, Belgium and West Germany all purchased substantially more.

The increase in feedgrain exports to the EC occurred despite record EC grain production in 1972, as rising incomes continued to increase the demand for and price of meats. With high prices, producers are rapidly expanding production which requires vast amounts of feedgrains. Higher CAP dairy prices are encouraging EC farmers to expand their dairy herds which also requires additional grains.

Other major markets were Spain, Portugal, the People's Republic of China, the Republic of China, Indonesia, South Korea, Peru, Chile, India, Venezuela, Yugoslavia, Greece, Romania, Israel, and Mexico. Mexican purchases rose over 600,000 tons in 1972-73, from less than around 100,000.

U.S. exports of wheat and wheat products more than doubled to a record 1,189 million bushels in 1972-73, from 632 million bushels a year earlier. The largest increase was to the USSR which took 345 million bushels and accounted for about three-fourths of the total gain. USSR wheat production was down substantially because of the extensive drought in 1972, necessitating imports from all sources of nearly 16 million tons of wheat, compared with only 3.4 million tons a year earlier. Adverse weather also reduced wheat crops in the People's Republic of China, India, other Southeast and South Asian countries, and some Latin American countries.

Canada and Argentina have shared in supplying this demand, but Australian exports were down because of a short crop and low stocks due to drought. U.S. shipments to Japan, Egypt, the Republic of China, Bangladesh, Pakistan, Yugoslavia, Mexico, Brazil, and the EC also increased sharply during 1972-73. Exports to the People's Republic of China totaled 22 million bushels, compared with none a year earlier. Exports were also up to Latin America, especially to Mexico, Brazil, and Peru, because of slightly reduced production in some countries and increased consumption in others. Wheat exports were equivalent to three-fourths of U.S. production.

Rice exports also rose to a new level of 42.8 million bags, from 37.6 million a year earlier. The previous export record for rice was 41.1 million bags in 1968. While the quantity was up 14 percent last year, higher prices pushed the value up by over two-fifths to a record $435 million. In contrast to the increase in other commodities, most of the rice gain occurred under Government-financed programs. The largest increases occurred to South Vietnam, Cambodia, and South Korea.

U.S. exports of **oilseeds and products** rose by 57 percent to $3.5 billion in 1972-73, from $2.2 billion a year earlier. Price increases accounted for about three-fifths of the overall value increase; however, quantity was also up about one-sixth for both soybeans and soybean

*Continued on page 10*

U.S. AGRICULTURAL EXPORTS BY COMMODITY VALUE, FISCAL YEARS 1970-73

| Commodity | 1970 | 1971 | 1972 | 1973 | Change from 1972 to 1973 |
|---|---|---|---|---|---|
| | *Million dollars* | *Million dollars* | *Million dollars* | *Million dollars* | *Percent* |
| Animals and animal products: | | | | | |
| Dairy products | 123 | 153 | 218 | 86 | −61 |
| Fats, oils, and greases | 207 | 272 | 228 | 237 | +4 |
| Hides and skins, excl. furskins | 157 | 141 | 178 | 407 | +129 |
| Meats and meat products | 140 | 142 | 178 | 307 | +72 |
| Poultry and poultry products | 80 | 80 | 82 | 98 | +20 |
| Other | 110 | 132 | 143 | 218 | +52 |
| Total animals and products | 817 | 920 | 1,027 | 1,353 | +32 |
| Grains and preparations: | | | | | |
| Feed grains, excluding products | 987 | 1,096 | 1,118 | 2,312 | +107 |
| Rice | 321 | 287 | 306 | 435 | +42 |
| Wheat and major wheat products | 965 | 1,225 | 1,071 | 2,382 | +122 |
| Other | 57 | 81 | 94 | 138 | +47 |
| Total grains and preparations | 2,330 | 2,689 | 2,589 | 5,267 | +103 |
| Oilseeds and products | | | | | |
| Cottonseed and soybean oil | 193 | 290 | 293 | 221 | −25 |
| Soybeans | 1,072 | 1,274 | 1,391 | 2,288 | +64 |
| Protein meal | 323 | 398 | 398 | 722 | +81 |
| Other | 99 | 120 | 153 | 276 | +80 |
| Total oilseeds and products | 1,687 | 2,082 | 2,235 | 3,507 | +57 |
| Other products and preparations: | | | | | |
| Cotton, excluding linters | 347 | 492 | 530 | 747 | +41 |
| Tobacco, unmanufactured | 562 | 570 | 570 | 640 | +12 |
| Fruits and preparations | 341 | 341 | 381 | 457 | +20 |
| Nuts and preparations | 60 | 66 | 84 | 88 | +5 |
| Vegetables and preparations | 231 | 214 | 235 | 296 | +26 |
| Other | 344 | 384 | 396 | 542 | +37 |
| Total other products and preparations | 1,885 | 2,067 | 2,196 | 2,770 | +26 |
| Total | 6,719 | 7,758 | 8,047 | 12,897 | +60 |

# Wool Prices Up, Synthetics Use Gains Ground

By K. SUZANNE EARLY
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Merino ewes are fed on South Island high-country run, New Zealand.

As wool prices climb to their highest levels in years, manmade fibers are making sharp inroads into the wool fiber industry. Shortened supplies are expected to continue to keep wool prices at high levels during the 1973-74 season.

The steeply higher wool prices have led to intensified interfiber competition and to a decline in wool's importance as a basic material in the wool textile industry. For the first time on record, usage of manmade fibers almost equaled that of virgin wool during the first quarter of 1973.

In seven major reporting countries, excluding Japan and Australia, virgin wool's share of all materials consumed in the wool textile industry fell steadily during 1972 and in the first quarter of 1973 was 41.6 percent, a record low. During the same period, manmade fibers' share increased from 37 percent in the first quarter of 1972 to 41.5 percent in the first quarter of 1973.

Although demand for virgin wool is expected to ease somewhat in the 1973-74 season, supplies will be tighter this year than last. In Australia, sheep numbers as of March 31, 1973, were 140 million head, a low for recent years. This 1-year drop of 20 million head is larger than the entire sheep population of the United States.

The Australian decline in wool production, however, is not expected to be as great as the 13-percent decline in sheep numbers. Production is expected to be down only 2 percent this season because of a sharp drop in sheep and lamb slaughter and excellent seasonal conditions for lambing.

Soviet slaughterings were heavier than originally planned in 1972. This, plus losses resulting from unfavorable weather, reduced the 1973 sheep flock slightly to 130 million head.

Sheep numbers in New Zealand, the world's third largest wool producing country, are expected to be down 0.5 percent to slightly over 60 million head at the start of this year's wool season in the Southern Hemisphere. Due to a severe drought, New Zealand producers culled their ewes harder this past year and the lamb replacements were not quite large enough to offset the increased slaughter.

World wool prices have fluctuated dramatically over the last 3 years. During 1970 and 1971 prices in many of the major producing countries were at near record lows. But, in early 1972 prices began to rally, and due to a recovery in world demand for wool textiles have continued their upward trend ever since.

The initial improvement was attributed largely to the more settled mone-

*Continued on page 16*

## Australia's 1973-74 Wool Clip Estimated Down

Australia's first official wool production forecast for 1973-74 is 2 percent under that of the previous year. Some members of the trade believe this estimate is still too high and may face revision later in the season.

Now pegged at 1.63 billion pounds, the estimate is based on the shearing of 155 million head, 4 percent fewer than were clipped in 1972-73. Also, curtailed slaughter is expected to lower the number of sheepskins exported. However, the current forecast comes at the end of a season in which sheep fleeced well and the heavy cut per animal will help offset the decline.

Wool output in the season just ended is now estimated by the Australian Government at 1.68 billion pounds, 300 million less than in 1971-72. Of the total, 1.467 billion pounds were shorn wool and the balance came from dead animals, wool exported on skins or removed in the tanning process.

Australian exports of wool (excluding wool on skins and yarns) for the year ending June 30, 1972, were 1.75 billion pounds, valued at US$685.8 million, f.o.b. port of shipment. Corresponding figures for a year earlier were 1.73 billion pounds with a value of US$610.2 million.

Exports during the 1972-73 season (8 months ending February 1973) of greasy equivalent—excluding wool on sheepskins and yarns—are running well ahead of the 1971-72 season—1.18 billion pounds versus 1.06 billion. This is an 11-percent increase in volume but the total is not as startling as the jump in value for the 8-month period resulting from higher prices—US$880.8 million compared with only US$376.2 million last season.

Japan bought slightly more than 36 percent of Australia's wool exports for a total of US$260 million. The Common Market bought some 518.3 million pounds, while the United States bought 102.3 million for US$38.1 million.

# German Agricultural Results Mixed, With Meat Output Still a Nagging Weakness

By GEORGE A. PARKS
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*Bonn*

A BOOMING ECONOMY is carrying over to agriculture in West Germany, with farm incomes there hitting record highs. But behind this surface prosperity is an agriculture that is not reflecting consumption needs, in the process contributing to the mounting costs of foods and to a growing national dissatisfaction with the agricultural system in general.

German production of dairy products, for example, continues to expand, contributing to the much-lamented "butter mountain." But consumers cannot get enough red meat—a chronic problem that has caused prices to soar, yet so far has elicited little farmer response in the way of expanded meat output. Consistently larger grain production is moving the country closer to self-sufficiency in these crops, but much of the expansion is coming in wheat—the grain least needed in this country where the trend is toward higher-protein diets.

Moreover, any time West Germany surpasses self-sufficiency in a product, it must pay the price through efforts to sell in other EC member countries or through costly EC subsidies on exports to third countries.

Grains continue to predominate in the agricultural cropping pattern of West Germany, although the country still ranks as one of the world's top grain importers. This emphasis on grain—combined with a foot-dragging approach toward expanding livestock feeding—has led to an imbalance between food and feedgrain that distorts the total farm picture in West Germany.

In 1972, grains comprised about 70 percent (13 million acres) of West German cropland and almost 40 percent of all farmland (including meadows and pastures), continuing the uptrend in overall grain area of the past 20 years. Shifts within the grain area have emphasized more barley and wheat, less rye and oats. (Rye is being favored this year, however, by a 6-percent increase in EC support prices.) Corn production has also risen considerably, although its overall importance is not yet great.

Grain yields have also climbed sharply during the past 2 decades and particularly during the past 5 years. Total German grain production in 1972 reached 20.24 million metric tons, despite only moderately good weather, for a level surpassed only by the 1971 record of 20.95 million tons.

"Any time West Germany surpasses self-sufficiency in a product, it must pay the price through efforts to sell in other EC member countries or through costly EC subsidies on exports to third countries."

This year is no exception to the rising trend, and the country is expecting a near record crop—20-21 million metric tons—barring unfavorable weather during the rest of the growing and harvesting period.

Weather through May had been favorable for all grains. Winterkill was negligible, and good weather permitted timely spring sowing during March. Cold weather in April retarded plant growth. However, ample rainfall offset the below-normal precipitation of the winter. By mid-May, all grain crops looked very promising, but early summer drought later reduced yields in the north. Rains came in early July, and first reports indicate good to excellent production in the south, tempered by rain-caused lodging as cool, wet weather caught up with the harvest. The pattern of production is expected to approximate last year's—one-third of the crop wheat and two-thirds feedgrains.

While the growth in grain output has helped feedgrain production keep pace with consumption, it has created problems as far as wheat is concerned. Wheat remains the principal grain in West Germany, and its production continues to increase in response to high price supports although, paradoxically, its use for food continues to decline.

Since it is normally about self-sufficient in flour-industry needs for soft wheat, the type dominant here and in other EC countries, West Germany encounters problems whenever the wheat crop is unusually large. Excess production is increasingly used for feed, and it can be exported, but in both cases a cost is involved—denaturing premiums for use as feed and subsidies for exports.

The high producer prices that have contributed to this situation also tend to retard use of grain as a feed, while encouraging that of lower cost grain substitutes. This substitution, however, has not been sufficient to counteract the resulting steep costs to livestock producers.

IN ADDITION TO GRAINS, about 15 percent of West German crop area goes into potatoes, and sugar and fodder beets and another 11 percent into various forage crops. The rest includes rapeseed, vegetables, pulses, hogs, and other products. Within this group, the major trend has been a steady reduction in potato area, resulting in the lowest crop on record in 1972 and soaring prices on the domestic market. On the other hand—and partly in reaction to high farm labor costs and relatively favorable prices—rapeseed production has been substantially expanded—a trend that continued in 1973 plantings.

Apart from crops, the major area of concern of late has been the lagging livestock industry at a time of strong demand for beef and pork. As elsewhere

in the world, the supply-demand imbalance has caused sharp price increases and a soaring cost-of-living index (see *Foreign Agriculture's* food price articles of April 2, May 28, July 2, and July 30).

Thus far, German farmers have not responded much to the need, and beef output is expected to remain at a very low level through most of 1973, while domestic pork supplies are rising only slightly. The December 1972 census did reveal an unexpected, although moderate, increase in cattle numbers—particularly of milk cows—for the first time since a steady decline began in 1969.

This apparent reversal of trend appears to be the net result of divergent changes in dairy farming; dairy breeds are still the main source of beef in West Germany. Small farms, particularly in industrial areas, are giving up dairying entirely, while large ones, mainly where labor costs are lower, are expanding herds. Thus, the exodus of small producers from the industry has been offset by the buildup of herds.

But the fact that beef is still largely a byproduct of the dairy industry aggravates another problem—that of mounting butter surpluses. (See *Foreign Agriculture*, June 4, 1973.) While German butter production has not been rising at the rate of that in other EC countries—it was up 4 percent in 1972 compared with 31 percent for the Netherlands—the country still shares the burden for excess production.

NOW TOTALING some 800-900 million pounds, butter stocks of the EC-6 alone are becoming untenable, necessitating subsidized exports, giveaway programs, and other costly measures. These have included a contract to export 441 million pounds of EC butter to the USSR for about 19 cents per pound, compared with the more than $1 a pound prevailing in most EC countries. While a subsidy to EC consumers of up to 5.5 cents per pound has been put into effect recently, this is not likely to bring any great increase in EC consumption of butter, nor alleviate consumer concern over EC policies.

In the meantime, the gap between German beef production and demand has been only partially closed by greatly expanded livestock and meat imports, the latter hitting a record $1 billion in 1972. Argentina, especially, has been able to capitalize on the larger demand and strengthen its position as Germany's leading third-country supplier; dominant in this expanded trade are frozen boned manufacture beef and chilled beef parts for the hotel and restaurant trade.

West Germany has not, however, been able to slow the outflow of feeder calves and cattle, reflecting the strong demand in all of Western Europe for a limited supply. German shipments of feeder calves numbered 495,000 head in 1972, compared with 485,000 the previous year, causing disappointment to sources who had hoped that the large number of calves exported—mainly from Bavaria to Italy—could be shifted to newly developing specialized beef farms in Germany.

German concern over these and other problems of the livestock industry carries to the highest levels. The Ministry of Agriculture has commented that:

*Farmland around a village in northwestern Bavaria.*

*Cattle in West Germany—one of the many countries trying to expand beef output.*

"The cattle deficit for beef production was about 736,000 head in 1972. This shortage can, of course, not be balanced within a year. As a matter of fact, it would not be enough in order to meet the strong increase in demand. In order to provide the required supplies and to regain the serious losses in the market share, the calf crop would have to grow substantially above current levels. Considering the structure of cattle farming in Germany, such expansion would result in an even greater increase in milk production (up 6-7 percent in recent months over previous year levels). In this sector, difficulties are mounting."

One aid to the German lack of supplies might come from the new EC members of Ireland and Denmark, both of which are traditionally big exporters of meat products. Larger imports of cattle and beef from Ireland already have been reported. Danish beef supplies are short right now but expected to increase by 1974. Moreover, it is expected that part of traditional Danish feeder shipments to Italy will be shifted to Germany.

Stagnating pork production is also a problem of major concern to the Germans, especially since the Government has attempted to influence production through livestock censuses and increased market information to farmers. Commenting on this, the Ministry of Agriculture said:

"In 1972, there had been no significant expansion of hog production, although in all recent evaluations of the hog censuses we suggested to farmers that they moderately expand hog numbers in line with the growing demand. Since the farmers have not heeded this advice, they have lost a considerable share of the market. In 1972, the share of domestic production in pork consumption dropped to 86 percent from a

> "Stagnating pork production is also a problem of major concern, especially since the Government has attempted to influence production through livestock censuses and increased information."

level of 95 percent during the previous 10 years."

The Ministry suggested one reason for this lack of change might be a flattening out of the hog cycle as a result of the exodus of small farmers—who have been largely responsible for sharp movements in past cycles. While number of hogs per farm had risen, the Ministry pointed out, the number of hog farmers had dropped to 873,000 in December 1972 from 1.09 million in 1969.

Reflecting discrepancies in meat production at a time of mounting demand—plus a shortage of meat and other agricultural products elsewhere in the world—German food prices between June 1972 and 1973 climbed 9.7 percent. Beef prices have generally led the advance with gains in the year ending February 1973 ranging from about 23 percent for stewing beef to 27 percent for fillet. Through June, the average gain for beef was about 15 percent, while prices for major pork cuts climbed some 11 percent.

Looking ahead, beef prices are expected to stabilize at a high level. However, more gains are in prospect for pork and poultry.

With demand still growing and supplies rising only slightly, prices have been predicted to gain further in 1973. However, much of this increase is expected in pork and broiler prices.

German response to these problems has varied widely. While farm leaders continue to debate and review long-standing agricultural issues—upward adjustments of EC administered prices, compensation for revaluation, and tax rebates for farmers—policymakers are being forced by inflation and rising consumerism to re-examine goals and explore new directions for agriculture. Consumer criticism has been strong against border equalization charges for agricultural products and the CAP's artificially high farm prices as instruments that impair competition, burden national income, and encourage farm inefficiency. They also have attacked the increasing cost of supporting farm surpluses.

Concomitant with this criticism, the Ministry of Agriculture last year was taken to task by a study authorized by officials in the Ministry of Economics. The study showed that West Germany as a modern industrial state could let agriculture use an increasing share of the GNP only by neglecting general growth rates.

Another development has been the emergence of national concern over environmental and pollution problems, reflecting the growing backlash to industrial and macrosized farm enterprises. Environmental protection has been a part of the Brandt Government's program to preserve the countryside; however, change so far has been slow. Steps taken in 1972 included reinforcement of existing legislation on air pollution, wastes from feedlots, solid wastes, and clean water.

# First Report Made on U.S. Cotton Export Sales

Reports of exporters' anticipated exports of raw cotton and cotton waste were released August 3 by the U.S. Department of Agriculture. This report is the first release covering these commodities.

The information was obtained from reports of undelivered export sales as of July 5, 1973. These were filed with the U.S. Department of Commerce as required by Export Control Bulletin 91 and released by USDA as part of a cooperative agreement between the two Departments. In releasing the data USDA noted that 77 firms reported export sales which are thought to represent virtually all forward sales.

The marketing year represents the year in which the firm anticipates export will be made. Quantities reported as of July 5 represent unshipped balances of all sales made prior to that date.

It should be noted that a substantial part of the cotton shipped in the first 3 months of the 1973-74 marketing year will be from the 1972 crop.

Data shown for the 1972-73 marketing year cover the period from July 5 through July 31, 1973. Marketing years shown for cotton and cotton waste run from Aug. 1 to July 31. Figures may not add due to rounding.

In addition to the marketing year in which delivery is to be made, known destinations are shown. Since export sales are also made with destination to be provided prior to shipment, destinations for a portion of the sales are not identified. Reports on these will be provided as they become known.

ANTICIPATED U.S. COTTON EXPORTS BY TYPE, REGIONAL DESTINATION, AND MARKETING YEAR
[In 1,000 bales, 480 lb. net]

ANTICIPATED U.S. COTTON EXPORTS BY TYPE, REGIONAL DESTINATION, AND MARKETING YEAR
[In 1,000 bales, 480 lb. net]

| Destination | 1972-73 | 1973-74 | 1974-75 |
|---|---|---|---|
| American-Egyptian and Sea Island Raw Cotton: | | | |
| European Community | 0.6 | 0.6 | 0 |
| Other Western Europe | 0 | 0 | 0 |
| Eastern Europe | 0 | 0 | 0 |
| USSR | 0 | 0 | 0 |
| Japan | 0 | 7.3 | 0 |
| People's Republic of China | 0 | 0 | 0 |
| India | 0 | 0 | 0 |
| Other Asia and Oceania | 2.0 | 10.2 | 0 |
| Africa | 0 | 0 | 0 |
| Western Hemisphere | 0 | 0 | 0 |
| Unidentified | 0 | 0 | 0 |
| Total | 2.6 | 18.1 | 0 |
| Upland Domestic Raw Cotton, 1/16 to 1⅛ Inches: | | | |
| European Community | 12.6 | 205.0 | 18.2 |
| Other Western Europe | 5.6 | 95.3 | 6.2 |
| Eastern Europe | 1.2 | 0 | 0 |
| USSR | 0 | 0 | 0 |
| Japan | 15.0 | 1,203.7 | 572.5 |
| People's Republic of China | 5.2 | 330.6 | 0 |
| India | 0 | 0 | 0 |
| Other Asia and Oceania | 141.6 | 598.3 | 102.3 |
| Africa | 4.3 | 11.1 | 0 |
| Western Hemisphere | 6.0 | 116.9 | 24.7 |
| Unidentified | 1.5 | .5 | 5.7 |
| Total | 192.8 | 2,561.4 | 729.6 |
| All Upland Domestic Raw Cotton: | | | |
| European Community | 36.6 | 283.6 | 19.2 |
| Other Western Europe | 13.3 | 162.6 | 12.3 |
| Eastern Europe | 6.2 | 0 | 0 |
| USSR | 0 | 0 | 0 |
| Japan | 195.7 | 2,005.4 | 645.2 |
| People's Republic of China | 56.8 | 427.9 | 0 |
| India | 0 | 0 | 0 |
| Other Asia and Oceania | 450.0 | 1,537.8 | 202.2 |
| Africa | 10.4 | 14.4 | 0 |
| Western Hemisphere | 10.4 | 191.1 | 25.5 |
| Unidentified | 7.0 | 121.2 | 12.5 |
| Total | 786.4 | 4,744.0 | 917.0 |
| Upland Domestic Raw Cotton, 1⅛ Inches and Over: | | | |
| European Community | 0.8 | 45.2 | 1.0 |
| Other Western Europe | .1 | 26.9 | 5.1 |
| Eastern Europe | 0 | 0 | 0 |
| USSR | 0 | 0 | 0 |
| Japan | 0 | 14.7 | 36.4 |
| People's Republic of China | 0 | 0 | 0 |
| India | 0 | 0 | 0 |
| Other Asia and Oceania | 13.3 | 138.0 | 56.6 |
| Africa | 0 | 0 | 0 |
| Western Hemisphere | .8 | 9.3 | 0 |
| Unidentified | 0 | 3.4 | 4.7 |
| Total | 14.9 | 237.7 | 103.8 |
| Upland Domestic Raw Cotton, 1 1/32 Inches: | | | |
| European Community | 12.2 | 17.8 | 0 |
| Other Western Europe | 3.2 | 12.6 | 0 |
| Eastern Europe | 5.0 | 0 | 0 |
| USSR | 0 | 0 | 0 |
| Japan | 13.9 | 405.4 | 5.5 |
| People's Republic of China | 21.5 | 35.4 | 0 |
| India | 0 | 0 | 0 |
| Other Asia and Oceania | 40.6 | 74.5 | .3 |
| Africa | 5.0 | .6 | 0 |
| Western Hemisphere | .5 | 17.7 | 0 |
| Unidentified | .2 | 0 | 0 |
| Total | 102.1 | 564.0 | 5.8 |
| Upland Domestic Raw Cotton, 1 Inch: | | | |
| European Community | 7.4 | 13.2 | 0 |
| Othern Western Europe | 3.6 | 21.8 | 1.0 |
| Eastern Europe | 0 | 0 | 0 |
| USSR | 0 | 0 | 0 |
| Japan | 7.9 | 101.1 | 6.2 |
| People's Republic of China | 23.4 | 61.9 | 0 |
| India | 0 | 0 | 0 |
| Other Asia and Oceania | 117.3 | 317.0 | 16.0 |
| Africa | 1.1 | 2.7 | 0 |
| Western Hemisphere | 1.3 | 13.3 | 0 |
| Unidentified | 5.2 | 117.2 | 2.1 |
| Total | 167.2 | 648.2 | 25.4 |
| Upland Domestic Raw Cotton, Under 1 Inch: | | | |
| European Community | 3.7 | 2.4 | 0 |
| Other Western Europe | .8 | 5.9 | 0 |
| Eastern Europe | 0 | 0 | 0 |
| USSR | 0 | 0 | 0 |
| Japan | 159.0 | 280.4 | 24.6 |
| People's Republic of China | 6.7 | 0 | 0 |
| India | 0 | 0 | 0 |
| Other Asia and Oceania | 137.3 | 410.0 | 26.9 |
| Africa | 0 | .1 | 0 |
| Western Hempisphere | 1.8 | 33.9 | 0.8 |
| Unidentified | 0 | 0 | 0 |
| Total | 309.4 | 732.7 | 42.3 |

## Fiscal '73 U.S. Farm Exports

*Continued from page 4*

meal. Approximately three-fourths of the value increase was in soybeans.

World supplies of protein meal were very tight during 1972-73 because of the sharp drop in fishmeal output in Peru and smaller output of peanut meal in Africa and Asia. In addition, sunflower output was down in the USSR and Eastern Europe. Demand, on the other hand, has escalated with the continued rise in livestock production in West European countries, Japan, Canada, and other developed countries.

U.S. exports of soybeans during 1972-73 increased by around 75 million bushels to a record 505 million bushels —the sixth consecutive year that U.S. exports of soybeans have established new record volumes. In the past decade soybean exports have grown at an annual compounded rate of 10 percent. Most of the gain has occurred to the EC, United Kingdom, USSR, Spain, Poland, Israel, Japan, and South Korea. Last year, over half of the U.S. soybean production was exported in the form of meal or soybeans. U.S. soybeans accounted for over 75 percent of world meal exports.

PERU, THE LARGEST fishmeal exporter, has been able to catch only a few fish since September 1972 because a change in the ocean currents has caused the anchovies to move to deeper water. Peru exported only 442,847 tons of fishmeal since last September. Normally, Peru's exports would total around 1.8 million tons of fishmeal, which is equivalent to around 120 million bushels of soybeans.

U.S. oilcake and meal exports rose 21 percent to 5.3 million short tons, and prices pushed value up by 82 percent. The increase went to Switzerland, Yugoslavia, Spain, Greece, Eastern Europe, and Japan. Because of greater crushing capacity, the EC took about the same amount of oilcake and meal as the previous year, but higher prices resulted in a sharp value increase.

Exports of cottonseed and soybean oil totaled 1.70 billion pounds—16 percent below the 2.02 billion pounds in 1971-72—as more soybean oil was available due to increased crushing of U.S. soybeans overseas. However, cottonseed oil gained because of more plentiful U.S. supplies. In addition, with less sunflower oil available from Eastern Europe and the Soviet Union, many countries increased their purchases of cottonseed oil, but most of the gain occurred in exports to Egypt, which purchased 260 million pounds in 1972-73, compared with 171 million in 1971-72. Other important markets included Venezuela, the United Kingdom, Ireland, Japan, and South Africa.

U.S. exports of **fruits and preparations** rose by one-fifth to $457 million in 1972-73, setting a new value record. Higher prices accounted for about three-fifths of the total gain in value, principally for canned fruits, fresh fruits, and fruit juices, while most of the overall gain occurred in fresh products, especially citrus due to plentiful supply. The value of dried fruit exports was down slightly while quantity was down sharply because of reduced U.S. supplies.

U.S. exports of **vegetables and preparations** in fiscal 1973 rose to an all-time high of $296 million—a 26 percent gain. Again, fresh products, as in fruits, accounted for most of the increase, but substantial gains were registered also in canned and dehydrated vegetables.

U.S. exports of **animals and animal products** advanced by one-third to another alltime record of $1.35 billion. Cattle hides, rising to $373 million—more than double a year earlier—accounted for about 66 percent of the overall increase. The embargo on exports of raw cattle hides from Argentina caused a rather short world supply situation. However, this was somewhat offset by expansion of leather and leather product exports from Argentina. At the same time, cattle slaughter in Argentina, while up some from a year earlier, continued at below normal levels.

Exports of meats and meat products were up about three-fourths to $307 million. Substantial increases occurred in exports of pork going to Japan totaling 100 million pounds. In addition, more beef went to Canada, Japan, the Caribbean, and other principal markets. However, higher prices represented a good share of the increase. For example, pork prices during 1972-73 averaged 66 cents per pound, compared with 46 cents a year earlier.

Exports of poultry products rose to nearly $100 million in 1972-73. Most of the increase has occurred in turkeys, eggs, and egg products. U.S. egg prices were relatively low at the start of fiscal 1973 and exports responded to record levels, but higher prices in the latter part of the year caused exports to drop back to more normal levels. Exports of turkeys increased sharply to $18 million in fiscal 1973 from only around $10 million a year earlier. Most of the gain went to the EC, particularly to the United Kingdom and West Germany.

Exports of U.S. dairy products fell by around 60 percent to $86 million, from $218 million a year earlier with butter and nonfat dry milk accounting for most of the decline. Butter exports fell to slightly over 4 million pounds in 1972-73, from nearly 130 million pounds a year earlier, when butter was relatively scarce because of reduced supplies within the EC and drought reduced production in New Zealand for 2 consecutive years. New Zealand has been a principal supplier of butter to the United Kingdom.

EXPORTS OF U.S. ANIMAL fats and oils rose slightly in 1972-73, however, quantity was down slightly. Further, plentiful world oil supplies discouraged U.S. exports this past year. Tallow exports totaled about 2.3 billion pounds, about the same as a year earlier. But lard exports fell to about 144 million pounds from 184 million.

U.S. **tobacco** exports, including bulk smoking tobacco, gained about 6 percent in quantity to 591 million pounds in 1972-73, but with increased prices, the value rose about 12 percent to $640 million. The gain in tobacco exports occurred primarily in flue-cured tobacco to the United Kingdom, Japan, Switzerland, Belgium, and New Zealand. However, exports to the EC-6 fell, mainly to the Netherlands, West Germany, France, and Italy. Exports of bulk smoking tobacco fell about 13 million pounds, with reduced shipments to the Netherlands, Peru, Switzerland, Italy, Australia, and the Dominican Republic.

U.S. tobacco faced increased competition in principal markets from expanded production in many developing countries. In addition, the EC tobacco policy has encouraged production within the Community, as well as in overseas preferential trade areas.

U.S. **cotton** exports totaled 4.7 million bales in 1972-73, up sharply from the 3.3 million a year earlier and the highest since 1964. Demand for U.S. cotton strengthened in the past year primarily because of increased world consumption. Furthermore, the People's Republic of China purchased a substantial quantity of cotton, about 450,000 bales in 1972-73. Other main markets taking more U.S. cotton last year were the EC, South Korea, Hong Kong, and Japan.

# CROPS AND MARKETS

## GRAINS, FEEDS, PULSES, AND SEEDS

### Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

| Item | Aug. 14 | Change from previous week | A year ago |
|---|---|---|---|
| | *Dol. per bu.* | *Cents per bu.* | *Dol. per bu.* |
| Wheat: | | | |
| Canadian No. 1 CWRS-14 | 5.82 | +75 | 2.14 |
| USSR SKS-14 | (1) | (1) | (1) |
| Australian FAO [2] | (1) | (1) | 1.99 |
| U.S. No. 2 Dark Northern Spring: | | | |
| 14 percent | 5.97 | 117 | 1.96 |
| 15 percent | (1) | (1) | 2.02 |
| U.S. No. 2 Hard Winter: | | | |
| 13.5 percent | 5.93 | 116 | 1.89 |
| No. 3 Hard Amber Durum | (1) | (1) | 2.00 |
| Argentine | (1) | (1) | (1) |
| U.S. No. 2 Soft Red Winter | (1) | (1) | (1) |
| Feedgrains: | | | |
| U.S. No. 3 Yellow corn | 3.81 | +13 | 1.52 |
| Argentine Plate corn | 3.93 | + 1 | 1.72 |
| U.S. No. 2 sorghum | 3.56 | +13 | 1.50 |
| Argentine-Granifero sorghum | 3.52 | +12 | 1.52 |
| U.S. No. 3 Feed barley | 3.39 | +38 | 1.34 |
| Soybeans: [3] | | | |
| U.S. No. 2 Yellow | 10.56 | +1.80 | 4.00 |
| EC import levies: | | | |
| Wheat [4] [5] | 0 | −12 | 1.82 |
| Corn [6] [5] | 0 | −14 | 1.21 |
| Sorghum [6] [5] | 0 | −36 | 1.19 |

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.
Note: Price basis 30- to 60-day delivery.

### Yugoslavia's 1973 Grain Output Down Slightly

Total grain production in Yugoslavia in 1973 is estimated at 13.4 million tons, compared with 13.6 million in 1972. Wheat production is forecast at 4.5 million tons, down from 4.8 million last year.

Wheat import requirements for 1973-74 are estimated at 500,000 tons, compared with 488,000 tons imported in 1972-73. Coarse grain imports in 1973-74 are expected to be about 10,000 tons below the 250,000 tons imported last year.

### USDA Reports Exports Sales of Grain Some Oilseeds, Oils, and Meals

Based on information received by the U.S. Department of Commerce, USDA reports anticipated export sales of grains, certain oilseeds, vegetable oils, and meals, as of July 20, 1973.

This information, as reported by U.S. exporters under Export Control Bulletins 84(a) and 87 will be summarized each week under a cooperative arrangement between the Departments of Agriculture and Commerce.

ANTICIPATED EXPORTS IN INDICATED MARKETING YEAR[1] OF GRAIN, SOME OIL SEEDS, OILS, AND MEAL, AS OF JULY 20, 1973
[In thousands of metric tons]

| Commodity | 1972-73 | 1973-74 | 1974-75 |
|---|---|---|---|
| Wheat, totals | 0 | 27,293 | 630 |
| Hard Red Winter | 0 | 18,852 | 429 |
| Soft Red Winter | 0 | 406 | 0 |
| Hard Red Spring | 0 | 4,414 | 163 |
| White | 0 | 1,650 | 1 |
| Durum | 0 | 1,890 | 36 |
| Mixed | 0 | 81 | 0 |
| Barley, unmilled | 0 | 2,070 | 0 |
| Rye, unmilled | 0 | 627 | 0 |
| Oats, unmilled | 0 | 727 | 0 |
| Corn, except seed, unmilled | 10,486 | 25,146 | 180 |
| Grain sorghum, unmilled | 1,832 | 5,988 | 0 |
| Rice | 304 | 334 | 4 |
| Soybeans | 1,636 | 14,130 | 234 |
| Soybean cake and meal | 1,835 | 5,379 | 3 |
| Cottonseed, cottonseed cake and meal | 33 | 12 | 0 |
| Soybean oil | 88 | 96 | 0 |
| Cottonseed oil | 16 | 6 | 0 |

[1] Data shown for the 1972-73 marketing year cover the period from July 20, 1973, until the end of the current marketing year. Marketing years for wheat, barley, rye, and oats run from July 1 to June 30; for rice—Aug. 1 to July 31; for corn, grain sorghum, soybean and cottonseed meal, and soybean and cottonseed oil—Oct. 1 to Sept. 30; and for soybeans—Sept. 1 to Aug. 31.

### Australia To Up Rice Acreage

Strong world demand for rice has induced the New South Wales Government to permit an expansion in rice area to be sown during 1973-74. In irrigation areas, individual landholders will be permitted to plant 15 acres more rice than last season, although in some cases the increase may not be quite as large because of soil and other conditions.

The overall New South Wales rice acreage will probably expand to about 120,000 acres, while production may reach 350,000 long tons of paddy if seasonal conditions are reasonably favorable.

The decision to increase rice acreage was the result of discussions between the Rice Industry Coordination Committee and the New South Wales Water Conservation and Irrigation Commission. This latter body controls rice acreage on the basis of water allocations.

In major irrigation areas, such as the Murrumbidgee and Coleambally areas, farmers will be permitted to grow 80 acres of rice compared with 65 acres per farm last season. The increased water supplies will only be made available to traditional rice growers with a regular production record since 1959.

In the Murray Valley irrigation districts farmers will be

permitted to grow 75 acres on holdings in Berriquin, Denimein, Deniboota, and Wakool, provided rice was grown on the properties before 1959. On holdings where rice was grown for the first time after 1959, such as in Benerembah, Tabbita, Berriquin, Denimein, Deniboota, and Wakool, the authorized area will be 55 acres.

This distribution of additional water supplies resulted from strong pressure from existing rice growers that any increased production be allocated to traditional producers only, and thus prevent the entry of newcomers into the industry.

On the basis of a crop of about 350,000 long tons of paddy, 1974-75 rice exports are likely to show a sharp increase, and could total about 180,000 to 190,000 long tons of milled rice equivalent.

### Canadian Wheat Board Boosts Grain Prices

Canada has raised the initial price for wheat delivered to elevators from Can$1.76 to Can$2.25—a new high.

Initial prices for barley and oats, the other grains marketed by the Wheat Board, also were raised to new highs: Barley to Can$1.50 a bushel from Can$1.20; oats to Can$1.10 from Can$0.80.

### Greece Buys U.S. Corn and Wheat

On August 1, Greece bought up to 762,000 metric tons of U.S. yellow corn for delivery August 1973 through June 1974. This is more than double recent Greek annual corn imports from the United States. Greece also bought 141,000 tons of U.S. winter wheat for August-September delivery.

Greece has not been a wheat importer in recent years.

## FRUIT, NUTS, AND VEGETABLES

### Canada To Review Fruit and Vegetable Tariffs

The Canadian Minister of Finance has directed the Tariff Board to conduct a study of fruit and vegetable tariffs, covering both fresh and processed items, to determine whether present tariffs provide adequate protection for the domestic industries. The Minister's directive to the Board stated that "as a result of rising prices, the specific rates of duty applicable to many of these products have been affording growers and processors a diminishing level of protection against imports."

The Board has invited interested parties to file briefs and will hold a public hearing in January 1974 before recommending action to the Government of Canada.

Canada is the largest single U.S. export market for fresh and processed fruits and vegetables, generally accounting for about 40 percent of the total.

### Outlook For Spanish Processing Tomato Crop

Revised estimates of 41,500 acres for Spanish tomatoes for processing in 1973 indicate a 5-percent increase in production area over 1972. In anticipation of higher yields than a year ago, the processing crop is expected to at least equal 480,000 metric tons, resulting in an overall pack of 190,000 metric tons. The 1972 processing crop amounted to 410,000 tons.

Higher prices for current production contracts in the principal producing areas of Spain indicate a possible change in the composition of this year's processed tomato pack, with an increase likely in the output of canned peeled tomatoes.

Round tomatoes are bringing US$27.80-$32.70 per short ton, and pear-shaped tomatoes US$40.80. Peeled-tomato varieties are going for US$55.50 per ton.

Export prices for the new crop are estimated to increase 20-25 percent bringing Spanish prices more in line with California products. Spanish exports to the United Kingdom may increase rather significantly.

Reports indicate U.K. importers are increasing stocks prior to the scheduled rise in British import duties on December 31, 1973.

## LIVESTOCK AND MEAT PRODUCTS

### Heifer Project Donates 20 Holsteins to Liberia

Twenty U.S. pedigree Holstein bred heifers, sea-shipped to Liberia by Heifer Project International, a charitable organization that helps developing nations improve their livestock industries, arrived safely in mid-June. The animals will be used in a dairy-improvement project sponsored by the Liberian Ministry of Agriculture.

A previous Heifer-Project shipment in January 1971 of 12 animals of five different breeds was used by the Liberian Ministry to demonstrate imported animals could survive despite the African climate, and to determine which breed would best meet the country's needs. The most recent shipment grew out of the experience gained in the earlier test.

Another 80-85 head of U.S. Holstein bred heifers will be air-shipped to Malta by Heifer Project International about August 18. The cattle, registered and commercial, will be used by the Maltese Department of Agriculture in its brucellosis eradication program.

### Australia Sells 835 Cattle to Indonesia

Australia's significant sale of breeding cattle to Indonesia was negotiated recently by Mactaggarts, Ltd., Queensland, and was shipped on the livestock transport vessel, *Dona Claussen,* in late July from Port Alma, Rockhampton. This first shipment reportedly comprised 810 Santa Gertrudis and Brahman cross heifers, and 25 bulls.

The cattle were all drawn from the coastal Queensland area, and it is the largest single shipment of breeding cattle ever made from the Rockhampton area. The majority of the heifers were pregnancy tested. Of the 25 bulls, 12 are third-cross Santa Gertrudis, and 13 are seven/eighths- and higher cross Santa Gertrudis.

## COTTON

### GATT Textile Activities

The Council of GATT (General Agreement on Tariffs and Trade) reconstituted the Working Party on Textiles into a

Negotiating Group with the mandate of reaching a mutually satisfactory arrangement on trade in textiles by the end of 1973.

In a related action, the GATT Cotton Textiles Committee agreed on July 31, to extend the Long-Term Arrangement on International Trade in Cotton Textiles (LTA) through December 31, 1973. U.S. interests hope that solution to the textile trade problem can continue to be kept separate from the GATT multilateral trade negotiations.

### Egypt's Cotton Gins Being Upgraded

The International Development Association, an affiliate of the World Bank, has approved a credit of $18.5 million to help finance a project to modernize Egypt's cotton ginning industry. Constituting the first stage of a three-phase rehabilitation program, the project includes the construction of four new ginneries and rehabilitation of 10 existing ones, as well as provision for technical assistance and training. A program for retraining and reemployment of workers whose jobs will be affected by the project will also be undertaken.

The full project is estimated to cost about $40.4 million, and is expected to result in a $4.2-million annual increase in export earnings because of improved cotton quality.

## TOBACCO

### New Japanese Cigarettes Contain U.S. Tobacco

Japan Monopoly Corporation has begun to sell two new brands of cigarettes, each of which contains U.S. leaf tobacco. One, called Mr. Slim Menthol, is a 100-mm. mentholated filter cigarette; the other is Mine (pronounced Méne), a charcoal filter cigarette. Mine went on sale July 1, the other on July 15.

### Mozambique Tobacco Output Faces Rapid Expansion

Tobacco trade sources in Mozambique expect tobacco production to double by 1975. Increases in all types of leaf are expected to yield a total production of 24.1 million pounds in 1975, compared to the 1972 production of 11.6 million pounds. Flue-cured tobacco would remain the dominant type as production of this type is forecast to increase from the present 6.1 million pounds to 11 million in 1975. The relative position of burley would improve, however, as production is expected to jump from 4.1 to 10.6 million pounds.

Mozambique exported 2.8 million and 4.5 million pounds of tobacco in 1971 and 1972, respectively. During both periods, over 60 percent of the exported tobacco went to continental Portugal.

### Japan Sends Tobacco Mission To People's Republic of China

The Japan Monopoly Corporation (JMC) recently sent a mission to the People's Republic of China to study the tobacco industry there. Japan's tobacco industry is expanding and the Monopoly hopes to import Chinese tobacco to meet an increasing demand for cigarettes. Chinese tobacco is believed to be cheaper than that marketed by other nations.

Japan also plans to send similar missions to Indonesia, Brazil, and India.

Japan has been a growing market for U.S. tobacco. Currently it is the third largest U.S. export outlet, taking an estimated 75 million pounds valued at more than $90 million in fiscal 1973.

## FATS, OILS, AND OILSEEDS

### Spain Buys Brazilian Soybean Meal

The Spanish purchasing agency, SENPA, recently bought 410,000 metric tons of soybean meal for July-September delivery, reportedly from Brazil. These purchases were made to meet the requirements of Spain's mixed feeds industry through October at which time new crop U.S. soybeans will become available.

### Canada Continues To Export Most Oilseeds and Products

The Government of Canada is approving all export licenses for rapeseed, flaxseed, sunflowerseed, and their respective oils and meals. Canada plans to honor all sales contracts for these commodities signed before June 29 for shipment through September 30.

No approval is being given, however, for exports of soybeans and soybean products which remain in short supply.

### Canada's Sunflower Acreage Down 40 Percent

Canada has released an estimate of 1973 sunflowerseed acreage of 130,000 acres, down 40 percent (or 87,000 acres) from 1972's area.

Canada's sunflower acreage reached a high of 239,000 acres in 1971 and has declined for the last 2 years. Producers apparently have found more profitable crop alternatives than sunflowerseed.

## DAIRY AND POULTRY

### Barbados Allows Some Poultry Parts Free Entry

Barbados has revised its tariff schedule, effective June 1, putting backs, necks and wings of poultry on the free list. Low-cost poultry parts is the only commodity group which received a reduction in this tariff revision.

Poultry is the largest item in 1972 U.S. agricultural exports to Barbados, comprising $1.6 million of the $5 million agricultural total.

### Australia To Eliminate Dairy Subsidies

The Australian Government recently announced producer subsidies on butter, cheese, and processed milk products would be discontinued at the end of fiscal 1975. The new decision

was based on the Government's view these payments had not contributed to solving major problems of overproduction, were costly to the Government, and were made in large part to wealthy producers who needed them least.

The Government intends to aid dairy farmers to adjust to new conditions by providing additional funds to the Dairy Reconstruction Scheme. Queensland, which has an inefficient and high-cost dairy industry, will probably suffer a cut in production because of the reduced subsidy payment, while Victoria, which now receives about 67 percent of the total subsidy, will be able to withstand the loss with no drop in output.

This action on dairy products is part of a larger Government program to reduce subsidies to rural industries.

### Additional Imports of Nonfat Dry Milk Okayed

Additional imports of 80 million pounds of nonfat dry milk have been authorized by President Nixon as part of the action taken to increase food supplies in support of Phase IV. The authorization, taken under Section 22(b) of the Agricultural Adjustment Act, as amended, was effective July 19.

The imports were to be on a first-come, first-served basis, and must be entered by August 31; no licenses will be required. The maximum amount which an individual importer may bring in is limited to 2.5 million pounds. This limitation is intended to prevent any importer from controlling a disproportionate share of the imports. Imports will not be restricted to specific countries of origin.

## SUGAR AND TROPICAL PRODUCTS

### Latin American Coffee Growers Agree on Prices

Representatives of Latin America's major coffee-producing nations recently ended a 3-day meeting after having reached a variety of agreements on coffee prices and quotas.

The group, consisting of Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Peru, the Dominican Republic, and Mexico, reached accord on the following items:

- To establish a marketing organization for coffee entering international trade so as to maintain adequate prices.
- To adopt additional internal measures to increase coffee prices and reinforce current export policies.
- To continue the policy of regulating the amount of coffee available for export in the 1973-74 coffee year.
- To allow Mexico an increase of 300,000 bags in the amount of coffee it can export during the remainder of the 1972-73 coffee year and a revised export quota of 2.5 million bags instead of the current 1.6-million-bag quota in 1973-1974.

### International Coffee Organization Grants Loans to Seven Nations

The Board of Directors of the International Coffee Organization's Diversification Fund has approved loans, totaling $5,562,000, to finance diversification projects in seven nations.

Since it commenced operations in 1969, the Fund has approved 43 agriculture-related loans, totaling $97 million, to 27 countries.

The recently approved loans are:

**Brazil,** $2 million to finance the setting up of a new agricultural research institute for maize, sorghum, and soybeans near Londrina, State of Paraná.

**Costa Rica,** $450,000 for promotion of macadamia production on farms in coffee-growing areas near Turrialba.

**Ecuador,** $1,574,000 to provide loans to farmers in Manabí Province for the expansion of beef and castor bean production.

**Honduras,** $216,000 to finance a detailed farm census in all coffee-growing areas of the country; and $562,000 to provide loans to farmers for expansion of dairy farming and beef production.

**Malagasy Republic,** $413,000 to finance oil palm production in areas only marginally suitable for cultivation of coffee. This sum is in addition to a loan of $1,611,000 previously approved for the same purpose.

**Tanzania,** $303,600 to finance part of the costs of construction of a warehouse for storage of coffee at Moshi.

**Togolese Republic,** $42,800 to expand the program for development of fruit production for which the Fund approved another loan of $167,000 in May 1972.

### African Coffee Producers Agree on Robusta Quota

The 17-member Inter-African Coffee Organization (IACO) completed 3 days of meetings July 30, in Abidjan, by agreeing to impose a unilateral quota of 11-13 million bags on sales of Robusta coffee during the 1973-74 coffee year. This, it said, was done in an effort to raise prices adversely influenced by devaluation of the dollar. Members disregarding the quota are subject to sanctions and a special committee composed of major African producers—Cameroon, Uganda, Ivory Coast, Portugal, and Zaire—will keep watch on marketing of the African crop.

The Organization's first priority will be to recoup losses suffered from the two official dollar devaluations—amounting to as much as $7 million, according to the Ivorian Minister of Agriculture. It will then try to convince Latin American and Asian producers that Africans need a greater share of world coffee sales in any future International Coffee Agreement, and that Robusta prices should be fixed nearer Arabica prices.

The major result of the meeting was the African producers' conviction that a quota system is essential in coffee marketing. Members also considered, but then postponed, a proposal to transfer headquarters of IACO from Paris to Addis Ababa and affiliating it to the Organization for African Unity (OAU).

## GENERAL

### UNESCO Told More Food Relief May Be Needed in West Africa

The director of the World Food Program has informed the Economic Committee of the United Nations Educational, Scientific, and Cultural Organization (UNESCO) that it may be necessary to send additional food shipments to West Africa during the coming year.

To date, 215,000 tons of grain have been delivered to

Mauritania, Senegal, Mali, Upper Volta, Niger, and Chad to prevent starvation of an estimated 6 million persons. This is slightly less than the total promised by assisting countries, but the remainder was expected by the end of August.

## USDA To Send Experts To Help Iran's Farmers

Livestock and forage production specialists from the U.S. Department of Agriculture will go to Iran this fall to help develop the country's agricultural economy.

As many as seven of the Department's specialists will be sent to Iran for 18 months.

USDA's technical program will be financed entirely by Iran, according to the agreement between the two Governments. It will involve assistance in long-range agricultural planning, land use planning, grazing land administration, livestock, forage, and feed production, and livestock and feed marketing.

Iran imported about $76 million worth of agricultural commodities from the United States in 1972.

## EC Opens Talks With African And Commonwealth Countries

The European Community has notified associated African States and Commonwealth developing countries that it prefers to combine the preferential arrangements for these countries in a new enlarged association along the lines of the present Yaounde Convention, now in effect with the EC's African associates. The new agreement is needed because Commonwealth countries will lose their special trading relationship with the United Kingdom in the near future and the Yaounde Convention will expire on January 31, 1975. Formal negotiations begin in October.

The Community also said it would provide free entry of most of the products of the associated States, subject to special arrangements to be defined during the negotiations for similar and competitive agricultural products. It will safeguard the interests of the associated States whose economies depend to a large extent on the export of primary products through a plan to guarantee export receipts for peanuts, peanut oil, cotton, cocoa, coffee, bananas, and copper. The EC also agreed to provide new members with financial aid at the same level as for the Yaounde States and on an equal footing and implement the agreement through joint association institutions.

## Soviets Detail 1972 Production Decline

Data published in the Soviet statistical handbook, *The USSR in Figures in 1972,* show agricultural production in 1972 was about 4.5 percent less than the record 87.9-billion-ruble level in 1971. The Russian Republic (RSFSR) accounted for most of the decrease in agricultural output but the Ukraine accounted for a fourth of it. On the other hand, the Kazakh, Uzbek, and Byelorussian Republics realized significant increases in agriculture compared with 1971.

Crop production in 1972 was 9 percent less than in 1971 but the value of livestock output was down less than 1 percent. Crops accounted for 96 percent of the decrease in Soviet agricultural output in 1972 and livestock 4 percent.

The following crops (with percentage of decreases) were mainly responsible for the lower level of production in 1972: Grain, 7 percent; potatoes, 16 percent; sunflowerseed, 11 percent; vegetables, 8 percent; and fiber flax, 8 percent.

The 1972 cotton and sugarbeet crops were 2.8 percent and 4.8 percent larger than in 1971.

The value of livestock output in 1972 was changed little from that of 1971 because of offsetting developments. Decreases in livestock output were registered as follows in 1972: Hog numbers, 6.9 percent; sheep numbers, 0.7 percent; and wool, 2.3 percent.

But the following increases occurred: Cattle numbers, 1.6 percent; meat, 2.3 percent; and eggs, 7.1 percent.

## European Community Sets Negotiating Mandate

The European Community's Council of Foreign Ministers recently agreed on a mandate for negotiations with Algeria, Morocco, Tunisia, Spain, and Israel. Existing agreements with the latter four countries are to be renegotiated.

Algeria now receives duty-free treatment for most products in France and some degree of preference in other Community Member States, but it has no agreement with the Community as a whole.

Morocco and Tunisia will retain their present 80-percent preference on fresh oranges and lemons. Algeria will receive the same preference. The 40-percent preference now given to Spain and Israel will be increased to 60 percent.

Italy agreed to greater preferences for Spain and Israel when its partners okayed an increase in EC subsidies on Italian oranges shipped to other EC markets and institution of a system of minimum import prices for certain processed fruits and vegetables.

## Chile's Crop Production Down 21 Percent in 1973

Preliminary production reports indicate Chile's 1973 crop production (most of it already harvested) is 21 percent below 1972's low outturn.

Crop output in 1972 was 19 percent below 1971's record high level. The biggest factor for the large decline in 1973 is wheat production, which at an estimated 550,000 tons is less than half the average production of the 1960's.

Rice, potatoes, sugarbeets, and rapeseed production were also down substantially in 1973.

Production of red meat declined 26 percent in 1972 and is forecast to remain near this level in 1973.

## Canada Announces New Farm Product Promotional Program

The Canadian Ministry of Industry, Trade and Commerce recently announced details of a new $3 million Federal program to improve marketing of Canadian agricultural products. Projects related to export market development will be handled by the Ministry of Industry, Trade and Commerce, while the Canada Department of Agriculture will handle applications relating to domestic markets.

Assistance under the program will be available to Canadian companies, agencies, associations, universities, institutes, and other similar bodies contributing to a sustained increase in agricultural and food product sales. It applies to products other than grain and oilseeds which are covered by other programs.

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## Wool Prices at High Level, Synthetics Gain

*Continued from page 5*

tary picture following the December 1971 currency realinements. This made Australian and New Zealand wools cheaper to Japanese buyers and some Continental buyers as well.

Initially, wool commissions in Australia, New Zealand, and South Africa were able to meet the upsurge in demand by selling off stocks purchased earlier to support producer prices. By mid-1972, Commission stocks were nearly exhausted and pressure on available supplies increased.

Producers had slaughtered heavily during the years of low returns and many had gone out of the sheep business entirely. In Australia, the world's largest wool producer and exporter, sheep numbers declined from a record high of 180 million head in 1970 to 160 million head as of early 1972 and wool production was off 10 percent to 1.8 billion pounds.

The combined effect on prices was dramatic; average prices paid to Australian producers during the July-December 1972 period were nearly 2⅓ times their 1971 level. An equivalent increase occurred at New Zealand auctions. (New Zealand's crossbred wools are used primarily for carpeting rather than clothing and their prices held up well in 1970 and 1971.)

Wool prices continued high through March of 1973, but there was a slight downturn in April (referred to as a hiccough by one British writer) due to unsatisfactory second clip offerings in New Zealand and a withdrawal of heavy Japanese buying of Australian wools.

The Japanese were reportedly instructed by their Government to avoid driving up the price of raw materials (including wool) by commodity speculating and hoarding, and to purchase only to meet their actual manufacturing needs. To strengthen this request, the Japanese Government tightened credit by raising the discount rate ¾'s of a percent to 5 percent on April 1, 1973. In the wake of the Government's action, textile raw material prices dropped sharply on Tokyo's commodity market as speculators hastily unloaded hoarded supplies.

As a result of reduced Japanese purchases, wool prices dropped by up to 35 percent at auctions around Australia. The Australian Wool Corporation stepped in to prop up the market, buying a little over 8 percent of the offerings in the week ending April 7. The trend in buyer's favor was arrested in May and values for apparel wools showed appreciable gains over pre-Easter quotations. East and West European buyers were the most prominent.

## Austrian-U.S. Farm Trade Remains Vigorous

Austrian imports of agricultural commodities in 1972 increased by 10 percent based on c.i.f. value in Austrian shillings to total US$531.4 million. (On a dollar basis, the increase was 16 percent.)

Slaughter hogs, and meat, fruits, and vegetables were the major commodities accounting for the increase, reflecting low domestic production levels of pork and deciduous fruit.

Imports from the United States were valued at $31 million, including transshipments, little changed from 1971 on a value basis. However, 1973 imports from the United States may increase to approximately $40 million because of greatly increased buying of U.S. hard wheat in recent months and increasing demand for protein feeds resulting from expanding hog production.

Austrian exports jumped 26 percent in value to total $213 million, with shipments to the United States at $10.7 million. Two-thirds of total Ausrian agricultural exports were livestock products such as cattle, beef, and dairy items.

Austria will probably try to expand cheese exports to the United States because of the 50-percent increase in the U.S. cheese import quota. However, fruit juice exports will probably decline because of low domestic cider fruit production in 1972.



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